

East TENNESSEE

REGIONAL STRATEGIC PLAN

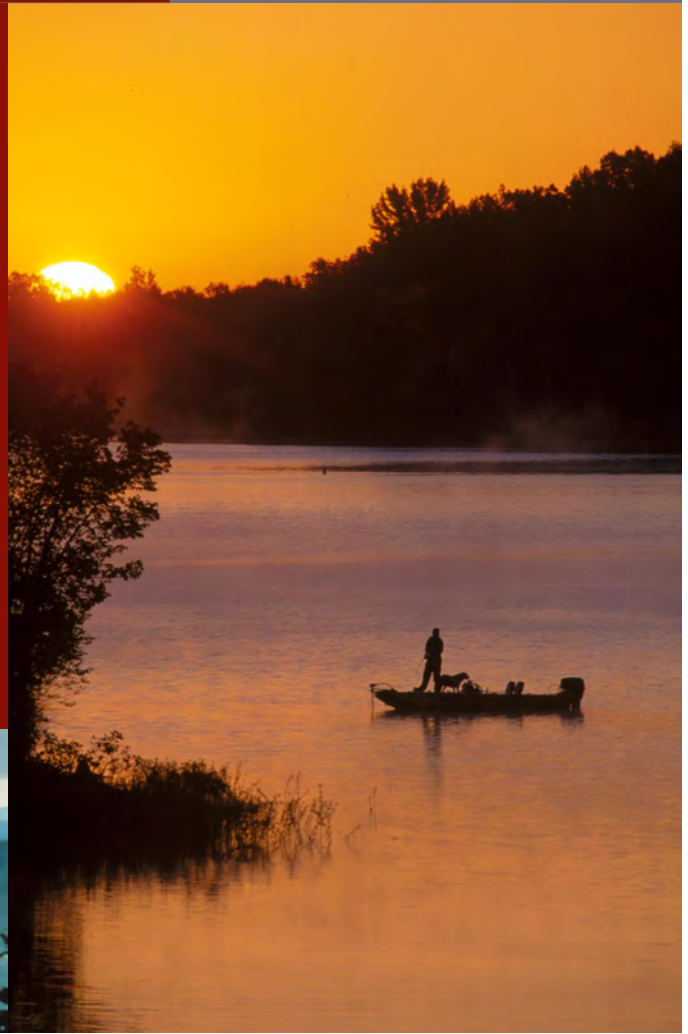


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East Tennessee



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EXECUTIVE SUMMARY

Gov. Bill Haslam's top priority is making Tennessee the No. 1 location in the Southeast for high quality jobs. In April 2011, Governor Haslam released his Jobs4TN plan, which laid out four key strategies for achieving this ambitious goal: (1) prioritizing business development efforts in six key clusters in which the state has a competitive advantage; (2) reducing business regulation; (3) investing in innovation; and (4) establishing regional "jobs base camps" in each of nine regions across the state. One of those nine regions is East Tennessee.

Located within a day's drive of 70 percent of the U.S. population, East Tennessee has a stable and diverse economy that benefits from a pro-business environment and talented workforce. According to the 2010 Census, 1.2 million Tennesseans call the region home, and each year millions more choose to visit its many attractions. The 16 counties and 56 municipalities that comprise the region house several

institutes of higher education and world-class research facilities, including the University of Tennessee at Knoxville and Oak Ridge National Laboratory. The area is known for its beautiful system of rivers, lakes and parks, including the Great Smoky Mountains National Park. The region also benefits from reliable land, rail and air transportation networks.

The federal government, especially the Tennessee Valley Authority (TVA) and the U.S. Department of Energy, plays a major role in the region's economy by providing employment, research and innovation opportunities. The state's six key industry clusters (automotive; chemical products and plastics; transportation, logistics and distribution services; business services; healthcare; and advanced manufacturing and energy technologies) are also the greatest drivers of the East Tennessee economy, with the tourism and hospitality, entertainment and agriculture sectors also playing important roles.

East Tennessee is home to a workforce of 550,000, including 50,000 technical professionals, 67,000 manufacturing employees and over 65,000 college and university students, 10,000 of which are concentrating in mathematics, science or engineering. East Tennessee's natural setting and its people offer something fun for everyone, from sophisticated city life to peaceful, rural settings; from opera to bluegrass; from UT football to hiking in the Smoky Mountains. Along with a cost of living below the national average and one of the lowest overall tax burdens in the United States, the region offers a moderate climate, outstanding healthcare and low crime rates.

ECD's regional staff will take an approach to recruiting businesses to East Tennessee that leverages the region's natural and intellectual assets. ECD regional staff will support a familiarization tour of the region for economic development professionals and site selection consultants. The region

will also continue its targeted recruitment campaign focused on the suppliers, subsidiaries and partners of the region's already existing companies.

Recognizing that over 86 percent of new jobs are created by existing companies, ECD's regional staff will partner with local economic development organizations to develop a systematic method for visiting existing employers. These visits will be focused on informing companies about the federal, state and local programs and incentives available to them as well as seeing what opportunities or risks the companies might be facing with which the state or local economic development partners might be able to assist.

With a strong heritage of scientific and technological breakthroughs, the East Tennessee region is well positioned to be a hub of the Governor's INCITE innovation initiative. The 16-county area is home to a rare combination of technology assets, research institutions and intellectual capital that position it to potentially develop a robust innovation-based economy. The region will focus on developing a stronger commercialization and entrepreneurship pipeline by better aligning the work of the region's ECD-funded accelerator with commercialization activities occurring at Oak Ridge National Lab and the Y-12 National Security Complex, and with entrepreneurial and commercialization activities occurring at the University of Tennessee and the University of Tennessee Research Foundation.

All the region's economic development organizations recognize that developing a qualified workforce is critical for the region's short-term and long-term economic growth. The region's economy is diverse, and its workforce development efforts must reflect this diversity. ECD's regional staff will focus on improving the communication that is critical in ensuring that workforce training efforts are designed to meet the needs of existing and future employers.

REGIONAL OVERVIEW

East Tennessee is located within a day's drive of 70 percent of the U.S. population and has a stable and diverse economy that benefits from a pro-business environment and talented workforce. According to the 2010 Census, 1.2 million Tennesseans call the region home, and each year millions more choose to visit its many attractions. This region is home to several exceptional assets that make it unique among its peers: Oak Ridge National Laboratory, one of the leading U.S. Department of Energy labs in the nation; the University of Tennessee, the state's flagship university; and a park system that includes the Great Smoky Mountains, the nation's most visited national park.

East Tennessee is home to a workforce of 550,000, including 50,000 technical professionals, 67,000 manufacturing employees and over 65,000 college and university students, 10,000 of which are concentrating in mathematics, science or engineering. The state's six key industry clusters (automotive; chemical products and plastics; transportation, logistics and distribution services; business services; healthcare; and advanced manufacturing and energy technologies) are also the greatest drivers of the East Tennessee economy, while the tourism and hospitality, entertainment and agriculture sectors also play important roles.

In addition to the University of Tennessee, the region is home to a number of other higher education institutions including seven additional four-year liberal arts colleges and universities, five two-year community colleges, a technical institute, five technology training centers, numerous vocational and specialty schools and two top-rated secondary school systems. The 16 counties that compose the East Tennessee Region include:

Anderson County: Anderson County, population 75,129, is home to the City of Oak Ridge (shared with Roane County) and the Y-12 National Security Complex as well as TVA's Norris Lake and the historic downtown area of Clinton. In 2010, Anderson County ranked seventh in the state for the number of new jobs created and second in the state for the amount of investment made by local industry.

Blount County: Blount County, population 123,010, is located at the foothills of the Great Smoky Mountains National Park. The county boasts over a 100 manufacturing plants including Denso Manufacturing Alcoa, two of the area's largest employers. Blount County is also home to McGhee Tyson Airport, the headquarters of

Ruby Tuesday and Clayton Homes and Maryville College, a private four-year liberal arts college.

Campbell County: Campbell County, population 40,716, known as the "Soul of the Appalachians," includes the towns LaFollette, Jellico, Jacksboro and Caryville. Two hospitals serve the county, and its residents and visitors enjoy numerous parks and recreational areas including Cove Lake State Park, Norris Dam State Park, Norris Lake, Indian Mountain State Park and Cumberland Trail State Park.

Claiborne County: Claiborne County, population 32,213, consists of the towns of Tazewell, Harrogate, New Tazewell, and Cumberland Gap. England Inc., DTR Automotive and DeRoyal Industries are three of the largest employers in the county.

Cocke County: Cocke County, population 35,662, boasts exceptional recreational opportunities and tourist attractions including the Appalachian Trail, the Great Smoky Mountains National Park, the Cherokee National Forest and the Martha Sundquist State Forest. The county is also crisscrossed by the Pigeon, Nolichucky and French Broad rivers.

Grainger County: Grainger County, population 22,657, has a diverse economy with several successful companies in the agriculture, manufacturing and retail industries. Agriculture produces the most revenue for the county, which has approximately 400 full-time farms. Many of these farms are dedicated to growing delicious tomatoes, which are prized both near and far. Rutledge draws thousands of visitors annually for a tomato festival.

Hamblen County: Hamblen County, population 62,544, has seen its economy evolve from being mostly agrarian-based to being one of the stronger manufacturing economies in the region. Automotive parts and high tech plastics are all produced within the county. The City of Morristown serves as a regional hub for employment, shopping, recreation, medical services and educational opportunities, and is home to the Moore-Murrell Airport.

Jefferson County: Jefferson County, population 51,407, is recognized for its historical preservation, quaint downtown communities and beautiful scenery. The towns of Dandridge, Jefferson City, New Market, White Pine and Baneberry dot its landscape, as do both Cherokee and Douglas Lakes. Jefferson City

is home to Carson-Newman College, a private liberal arts college that is consistently highly rated by many leading publications. Dandridge has seen a recent boom in commercial investment by the addition of restaurants and shopping opportunities in the downtown area.

Knox County: Knox County, population 432,226, is by far the region's most populous county and also serves as the region's economic hub. Located where three of the nation's most heavily traveled interstates (I-40, I-81 and I-75) converge, the county is within a day's drive of 70 percent of U.S. markets. In addition to being home to the state's flagship university, the University of Tennessee Knoxville, and Pellissippi State Community College, the county is also home to 90 corporate headquarters including AC Entertainment, Bandit Lites, Bush Brothers & Company, DeRoyal Industries, Jewelry Television, Pet Safe/Radio Systems Corporation, Pilot Flying J, Regal Entertainment Group, Scripps Networks and the TVA.

Loudon County: Loudon County, population 48,556, commonly referred to as the "Lakeway to the Smokies", is one of the fastest growing retirement communities in the State of Tennessee because of its natural resources, scenic beauty, convenient location, low cost of living, mild climate, low crime rate and lifestyle amenities, including eight championship golf courses. The Tennessee River flows through Loudon County as do Fort Loudon, Melton Hill, Tellico and Watts Bar lakes.

Monroe County: Monroe County, population 44,519, is located along I-75 and U.S. Highway 411 on the corridor between Knoxville and Chattanooga, providing convenient access to both large metropolitan areas. The county boasts over 50 industries in its industrial parks, including JTEKT Automotive, MasterCraft Boat Company and Carlex Glass Company, and also attracts thousands of visitors to its national scenic byway, the Cherohala Skyway.

Morgan County: Morgan County, population 21,987, is an ideal location for outdoor recreation. In addition to Historic Rugby, the county is home to Frozen Head State Park, Catoosa Wildlife Management Area, Obed Wild and Scenic River National Park, and Big South Fork National River and Recreation Area.

Roane County: Roane County, population 54,181, is located on the I-40 corridor between Knoxville and Nashville, and includes

the municipalities of Harriman, Kingston, Rockwood and Oak Ridge (shared with Anderson County) and is the home of Oak Ridge National Laboratory. The beauty of Roane County is highlighted by the Appalachian Mountains and Watts Bar Lake, made up of the Tennessee, Clinch and Emory rivers. Roane County is served by Tennessee Technology Center at Harriman as well as Roane State Community College.

Scott County: Scott County, population 22,228, is situated atop the Cumberland Plateau in northern Tennessee just 20 minutes from I-75 and is home to Scott County Municipal Airport. Several manufacturing businesses are located in Scott County including Takahata Precision, Great Dane Trailers and Tennier Industries. Scott County has available industrial space, high-quality infrastructure, affordable living nearby recreation and relaxation opportunities.

Sevier County: Sevier County, population 89,889, is one of the state's fastest growing counties, thanks in large part to its status as the "Gateway to the Smoky Mountains." The Great Smoky Mountains National Park, along with Dollywood, Ober Gatlinburg, and Ripley's Aquarium, make Sevier County one of the nation's most visited tourist areas. The county's thriving tourism retail and accommodations industries are so successful that Sevier County now has the third highest sales tax collection in the state.

Union County: Union County, population 19,109, is experiencing significant growth due in part to the growth of water and broadband infrastructure. The county has three industrial parks and acres of land with highway frontage ready for development by businesses looking to expand or relocate. The current industrial base includes medical manufacturing, aggregates, limestone, concrete, crushed stone, plastic injection moldings and manufactured housing.

EAST TENNESSEE AT A GLANCE

	Population 2010	Median Age 2005-2009	HS Graduate or Higher % Population aged 25+	Bachelor's or Higher % Population aged 25+	Labor Force (Oct. 2011)	Available Labor (Oct. 2011)	Unemployment Rate (Oct. 2011)	Average Private Sector Annual Income (2010)	Nearest Public Riverport (in miles from county seat)	Nearest Commercial Airport (in miles from county seat)	Nearest Interstate (in miles from county seat)
EAST TN	1,176,033	39.1	81.2%	21.7%	598,000	54,400	8.2%	\$37,510	Knoxville and Lenoir City	Knoxville McGhee Tyson	I-40, I-75 and I-81
Anderson	75,129	41.1	82.2%	21.7%	37,190	3,340	8.1%	\$50,430	Knoxville - 24 miles	Knoxville McGhee Tyson - 32 miles	Direct access to I-40 and I-75
Blount	123,010	40.6	84.5%	20.7%	64,990	5,100	7.1%	\$40,255	Knoxville - 18 miles	Knoxville McGhee Tyson - 5 miles	Direct access to I-40
Campbell	40,716	40.1	67.7%	9.2%	16,940	1,970	10.6%	\$29,931	Knoxville - 34 miles	Knoxville McGhee Tyson - 46 miles	Direct access to I-75
Claiborne	32,213	40.0	69.1%	11.5%	13,150	1,550	10.8%	\$29,523	Knoxville - 46 miles	Knoxville McGhee Tyson - 60 miles	38 miles to access I-40
Cocke	35,662	40.5	70.3%	8.6%	16,310	2,190	12.0%	\$30,865	Knoxville - 49 miles	Knoxville McGhee Tyson - 61 miles	Direct access to I-40
Grainger	22,657	40.3	62.8%	7.5%	10,050	1,210	10.9%	\$29,597	Knoxville - 34 miles	Knoxville McGhee Tyson - 46 miles	23 miles to access I-40
Hamblen	62,544	38.1	77.1%	14.8%	29,860	3,250	9.8%	\$35,665	Knoxville - 42 miles	Knoxville McGhee Tyson - 54 miles	Direct access to I-81
Jefferson	51,407	39.1	76.5%	13.5%	24,470	2,900	10.7%	\$34,813	Knoxville - 33 miles	Knoxville McGhee Tyson - 45 miles	Direct access to I-40 and I- 81
Knox	432,226	37.0	87.7%	33.0%	238,700	17,780	6.7%	\$39,460	Knoxville - 0 miles	Knoxville McGhee Tyson - 12 miles	Direct access to I-40, I-75 and I-81
Loudon	48,556	44.4	83.7%	21.3%	24,340	2,090	7.7%	\$36,009	Lenoir City - 7 miles	Knoxville McGhee Tyson - 35 miles	Direct access to I-40 and I- 75
Monroe	44,519	39.0	71.5%	11.0%	18,670	2,520	12.2%	\$32,382	Lenoir City - 28 miles	Knoxville McGhee Tyson - 32 miles	Direct access to I-75
Morgan	21,987	39.6	73.0%	5.4%	8,990	1,000	10.1%	\$32,451	Lenoir City - 44 miles	Knoxville McGhee Tyson - 47 miles	Direct access to I-40 just across county line
Roane	54,181	43.0	80.9%	17.2%	28,220	2,430	7.8%	\$54,644	Lenoir City - 21 miles	Knoxville McGhee Tyson - 35 miles	Direct access to I-40
Scott	22,228	36.6	73.6%	8.1%	8,130	1,630	18.1%	\$27,320	Knoxville - 55 miles	Knoxville McGhee Tyson - 67 miles	17 miles to access I-75
Sevier	89,889	40.5	79.8%	15.2%	48,850	4,590	8.4%	\$24,557	Knoxville - 25 miles	Knoxville McGhee Tyson - 31 miles	Direct access to I-40
Union	19,109	39.1	65.6%	6.9%	9,140	850	8.6%	\$35,385	Knoxville - 24 miles	Knoxville McGhee Tyson - 38 miles	20 miles to access I-640

Source: U.S. Census Bureau, US Bureau of Labor Statistics, Tennessee Department of Labor and Workforce Development

REGIONAL STRATEGIES

Recruitment

The East Tennessee region has outstanding economic development assets including an abundant water supply, a strong transportation infrastructure, great geographic location, right-to-work laws and state-of-the-art research facilities at Oak Ridge National Laboratory, Y-12 National Security Complex and the University of Tennessee. It is critical that the region's economic development organizations make site selection consultants and prospective companies aware of these great assets.

To assist with this effort, ECD's regional staff will work with regional economic development organizations to host a tour of the region for TVA target market specialists, ECD project managers and site selection consultants to increase the visibility of assets and sites in the region. Also, ECD regional staff will explore the potential for a series of industry-specific forums to showcase how companies can leverage the region's natural and intellectual assets.

ECD's regional staff will continue its work with local economic development organizations to inventory the region's existing companies that are within the state's target clusters and to identify affiliated companies, partners, subsidiaries and suppliers that might benefit from co-locating in the region. ECD's regional staff will then work with ECD's project management team in Nashville as well as local economic development organizations to reach out to these companies through trade shows, industry events and personal connections.

ECD's regional staff will also work with the department's rural economic development initiative to help prepare rural communities for success in the manufacturing, business services, agriculture and tourism sectors. Specifically, ECD's rural strategy will help communities develop and market sites that could potentially be successful in attracting new manufacturers; provide local economic development professionals with training to ensure they have the skills needed to succeed in today's competitive economic development marketplace; and launch efforts to develop business services jobs.

Existing Business Outreach

Existing business outreach provides an opportunity for state, regional and local economic development organizations to identify opportunities to help existing companies expand and remain

competitive as well as to potentially identify companies that are at risk of closing or moving to another region. There are many ways that state, regional and local partners can help existing companies address regulatory, workforce development and permitting issues.

ECD's regional staff will continue to partner with local economic development organizations to visit companies to discuss current and future concerns and opportunities, including expansion opportunities. The information acquired at these meetings will be assembled and synthesized to identify key action items. ECD's regional staff will then work with its local economic development partners to execute these action items and follow up with companies as appropriate.

For this effort to be successful, it is critical that local economic developers have the knowledge and skills to assist existing companies. Since there are a range of staffing models for local economic development organizations, with some having only part-time or very new staff, ECD's regional staff will collaborate with TVA to develop a training program that will help prepare local economic developers to take the lead on existing business outreach in their communities.

Innovation

With its heritage of scientific and technological breakthroughs, the East Tennessee Region is well positioned to be a hub of the Governor's INCITE innovation initiative. As home to Oak Ridge National Laboratory, Y-12, the National Security Complex, the University of Tennessee and the University of Tennessee Research Foundation, East Tennessee has some of the best research and development capabilities in the state. With support from the highest levels, ECD's regional staff will work to strengthen relationships among researchers and the business community to establish more cost-effective ways to transfer technology to the marketplace. Specifically, ECD's regional staff will work to facilitate partnerships between the ECD-funded accelerator, Oak Ridge National Laboratory, Y-12 and the University of Tennessee Research Foundation to help create a more robust pipeline for technology transfer. By linking these institutions with the region's entrepreneurs and investors, the ECD-funded accelerator will increase the likelihood that technology developed in the region will be used to benefit the region's economy. Since there are many innovation-based non-profits in the region, ECD's regional staff will work to align these organizations' strategies to help streamline efforts, highlight best

practices and identify the best allocation of human and financial resources.

With the University of Tennessee as a key hub, the region also has the capacity to strengthen its entrepreneurial culture. East Tennessee can retain its intellectual capital by using its inherent assets to create entrepreneurial opportunities for its young, college-educated, creative class as well as its seasoned business community. The region's ECD-funded accelerator will be one way to provide entrepreneurship opportunities, as it will be working to help turn promising business concepts into early-stage companies in a very short period of time. ECD's regional staff will work with local economic development partners to support entrepreneurs and start-up businesses during their time in the accelerator, making introductions in the community and helping identify mentors. As part of this effort, ECD's regional staff will partner with the accelerator to ensure that the region takes full advantage of statewide capital programs such as TNInvestco and the INCITE Co-Investment Fund. ECD's regional staff will collaborate with members of the entrepreneurial ecosystem to host a regional entrepreneurial showcase to allow entrepreneurs and early-stage companies to present their ideas to early-stage investors from across the state.

Given the diversity of its 16 counties, one additional component of East Tennessee's innovation strategy will be rural entrepreneurship and innovation. To assist with this effort, ECD's regional staff will continue the dialogue already begun between Oak Ridge National Lab, the University of Tennessee and leaders of rural communities to discuss how agribusiness and related new methodologies and technologies can be applied in rural East Tennessee. The Appalachian Regional Commission, USDA Rural Development and U.S. Economic Development Agency will be important partners in this effort.

Workforce Development

ECD's regional staff will work to communicate to both educators and business leaders that coordination between companies and workforce development efforts is critical. As part of this effort, ECD's regional staff will work closely with its workforce development partners to develop and outline the available funds, programs, equipment and human resources in the region avail-

able for workforce development. This information will assist ECD's regional staff and other economic developers in communicating the workforce training opportunities that already exist in the region to existing employers.

Anticipating future workforce needs is also critical. This information will be gathered through the recruitment process and existing business outreach visits. By hosting regular meetings that include the region's three workforce investment boards, academic partners and industry representatives, ECD's regional staff will create a forum for key organizations to work together in identifying the appropriate partners and resources.

ECD's regional staff will also work to identify existing employers in the region who are interested in developing industry-specific training programs. ECD's regional staff will connect these companies with the appropriate training or higher education institution in the region to help facilitate discussions around potential training partnerships.

ACTION ITEMS

Action Item #1: Support a familiarization tour of the region for ECD project managers, TVA target market specialists and site selection consultants.

ECD's regional staff will work with regional and local economic development organization to organize a familiarization tour of the region to help show ECD's project managers, TVA's target market specialists and site selection consultants the assets and sites that the region has to offer. ECD's regional staff will work to ensure that this tour includes some focus on the more rural areas of the region

Action Item #2: Target the key suppliers, subsidiaries and partners of existing companies in the region for recruitment.

ECD's regional staff will continue its work with local economic development partners to inventory the existing companies in the region that fall within the state's target industry clusters. These partners will then work to identify suppliers and partners of 16 companies that are dispersed throughout the region to determine if there are any for whom co-location would be a substantial benefit. ECD's regional staff will then work with ECD's project management team and TVA's target market specialists to develop a proactive recruitment strategy for these target companies.

Action Item #3: Enhance collaboration around innovation by facilitating quarterly meetings of the ECD-funded regional accelerator, Oak Ridge National Laboratory, the Y-12 National Security Complex, the University of Tennessee at Knoxville and the University of Tennessee Research Foundation.

ECD's regional staff will focus on developing deep relationships between the region's ECD-funded regional accelerator, Oak Ridge National Laboratory, the Y-12 National Security Complex, the University of Tennessee and the University of Tennessee Research Foundation. ECD's regional staff will encourage this collaboration by facilitating quarterly meetings of staff from all of these organizations. These meetings will provide an opportunity to identify new opportunities and challenges associated with collaboration.

Action Item #4: Develop a communications strategy among the area's local workforce investment boards, regional higher education institutions and industry representatives to effectively communicate the region's workforce resources and requirements.

One of the biggest workforce development challenges is ensuring that there is good communication between existing businesses and workforce development organizations about where there is a workforce shortage or upcoming need. To ensure the needs of existing and prospective employers are being adequately communicated, ECD's regional staff will host regular meetings that include the region's three workforce investment boards, partners in academia and industry representatives. Part of this effort will include the inventorying of available resources for use in the field. The staff will also continue to identify existing employers who seek specific training partnerships with educational institutions.

EAST TENNESSEE REGIONAL PARTNERS

- Appalachian Regional Commission
- Community Reuse Organization of East Tennessee
- Connected Tennessee
- East Tennessee for Airfare Competition
- East Tennessee Economic Council
- East Tennessee Economic Development Agency
- East Tennessee Development District
- East Tennessee Regional Accelerator Coalition
- Innovation Valley
- Local Chambers of Commerce
- Local Utility Districts
- Oak Ridge National Laboratory
- Pellissippi State Community College
- Roane State Community College
- Startup Tennessee
- Technology 2020
- Tennessee Department of Agriculture
- Tennessee Department of Economic and Community Development
- Tennessee Department of Environment and Conservation
- Tennessee Department of Labor and Workforce Development
- Tennessee Department of Tourist Development
- Tennessee Department of Transportation
- Tennessee Small Business Development Centers
- Tennessee Technology Centers - East Tennessee Region
- Tennessee Valley Authority
- Tennessee Career Centers
- U.S. Small Business Administration
- U.S. Economic Development Agency
- U.S. Department of Agriculture Rural Development
- University of Tennessee Knoxville
- University of Tennessee Center for Industrial Services
- University of Tennessee County Technical Assistance Service
- University of Tennessee Municipal Technical Advisory Service
- University of Tennessee Research Foundation
- Walters State Community College
- Y-12 National Security Complex